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C O N F I D E N T I A L SECTION 01 OF 02 WARSAW 001332

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SUBJECT: POLAND MAKES PLANS TO HOST EURO 2012

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Classified By: Econ Couns. R. Rorvig for reasons 1.4 (b) and (d)

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Summary
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¶1. (U) Since Poland and Ukraine won the rights to host the UEFA European Football Championship in 2012 (EURO 2012), all

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parts of the Polish Government have been discussing plans to improve infrastructure in time to cope with the crowds. The GOP anticipates around 21 million tourists in 2012, and plans to modernize nine train stations, eight airports, at least 900km of motorways, three border crossings, and 650km of train tracks. In a recent meeting with the Ministry of Construction, it was obvious that preparations for EURO 2012 have become its focus, although it has no direct role in any of the modernization plans. The Ministry of Construction is eager to attract foreign investors to participate in infrastructure projects, but serves only as a facilitator to connect companies with local officials or private developers in Poland.

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Background
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¶2. (U) On April 18, Poland and Ukraine won a joint bid to host the UEFA European Football Championship in 2012 (EURO 2012). The event will be held June 9 - July 1, 2012, in various cities across Poland and Ukraine. Poland is planning for matches to be held in Gdansk, Poznan, Warsaw and Wroclaw, with Chorzow and Krakow being prepared as reserve locations. The announcement that Poland and Ukraine won the bid sparked immediate promises by various government officials of major improvements to infrastructure to be completed in time for the games. GOP officials continue to talk about how much money will be dedicated to various infrastructure projects, and believe that preparations will help boost the economy and attract additional foreign investment.

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The Plans
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¶3. (U) Plans to improve infrastructure in time for EURO

2012 include modernization of train stations in the cities to host the games, modernization of train tracks, and the purchasing of TGV trains to decrease transport time between match locations. For example, the train from Warsaw to Gdansk, 350km, currently takes 4 hours and 30 minutes. Repairs to the track over the next few years are to reduce the travel time to 2 hours. In general repairs of 650 km of track across Poland are expected to cost EUR 4.5 billion (\$5.85 billion), while the Polish railway company PKP allocated PLN 2.3 billion (\$820 million) for station modernization. PKP Intercity also plans to purchase 20 TGV trains in the next 2-3 years for an estimated cost of EUR 380 million (\$500 million).

14. (U) The General Directorate for National Roads and Motorways (GDDKiA) plans to build between 900km and 3000km of dual carriageways and motorways before 2012. Three new soccer stadiums are to be built, while three others are to be modernized. Border crossings at Korczowa, Kroszlenko, and Medyka are to be modernized, with three new border crossing to be built at Budomierz, Dolhobyczow, and Malhowice. Additionally, aviation officials are discussing aviation market liberalization to increase the number of flights between Poland and Ukraine to assist in faster connections between match sights.

15. (U) The GOP created a committee in the Prime Minister's office to coordinate plans for EURO 2012, and all relevant ministries, as well as local officials, are represented. Although many of these infrastructure improvements were already under discussion and planned for the future, winning the bid for the tournament is a catalyst for the improvements to happen sooner and dedicates higher-level attention to their completion. Poland is counting on using some of the EUR 67 billion (\$87 billion) that is potentially available in general EU structural funding for Poland during the 2007-13 time-frame on infrastructure projects related to EURO 2012. However, the GOP realizes that this will not be enough and that additional contribution from the GOP budget, as well as private investment, will be necessary to realize all of the

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projects being discussed.

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Role of Ministry of Construction
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16. (U) In a recent meeting with the Ministry of Construction, Piotr Kozlowski of the International Cooperation Department told Econoff how eager Poland is to attract U.S. investment in infrastructure and offered to facilitate contact with the appropriate officials. Kozlowski described how many international firms are interested in investing in infrastructure projects, and welcomed additional U.S. involvement. However, he also admitted that his ministry has no direct role in any of the planned infrastructure projects in preparation for EURO 2012. Road construction is the responsibility of the Ministry of Transport, rail upgrades are the responsibility of the Polish railway company PKP, and other investments are the responsibility of local governments. The Ministry of Construction described its role as facilitating contact with the proper officials and assisting in drafting laws to streamline investment and construction procedures.

17. (SBU) Kozlowski mentioned that the Ministry was drafting a new construction law, to hopefully be approved in January 2008, on the 80th anniversary of the current construction law. Kozlowski would not provide any details as to what to expect in the new law, but promised a draft of it would be made public by the end of June. Kozlowski also mentioned Ministry plans to revise laws related to the granting of government owned land for road building and to spatial planning; however, he could not site specific changes in store.

18. (SBU) Kozlowski welcomed and is relying on the EU funds for much of the planned infrastructure upgrades, but admits that additional money will be necessary. When asked if the GOP had the funds to support projects not covered through EU funds, Kozlowski's easy "yes" was quickly and strongly contradicted by his subordinate. It remains to be seen if the GOP is all talk or if EURO 2012 will be the catalyst needed for the GOP to allocate the resources necessary to get many stalled projects moving forward.

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Comment
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19. (C) It is evident that the GOP and the Polish citizens are excited about what preparations for EURO 2012 will do for the economy. There are almost daily press reports about what highways will be built or what stadium will be modernized or what railroad track will be capable of high speeds. But, the projects mentioned all seem to be projects previously planned to bring Polish infrastructure closer to Western European levels. Many of them are stalled due to inadequate government planning, investigations of corruption, and lack of funds. Maybe EURO 2012 will be what's needed to get stronger government commitment and allocation of resources to complete these projects, but that remains to be seen. However, it does not appear that the Ministry of Construction will play any constructive role in making that happen.
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